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VIETNAM: In an effort to exploit what they consider their most effective point of leverage with the US, the Vietnamese Communists are trying to link the issue of US prisoner returns with various other aspects of the Paris agreement.

The Communists have announced that until certain "serious problems" in the implementation of the agreement are taken care of, they will release no more prisoners. Communist statements are somewhat vague as to the nature of the difficulties, but the treatment of Communist delegations in various parts of South Vietnam apparently is a prime issue, along with Saigon's handling of the prisoners it holds and perhaps the pace of US minesweeping operations in North Vietnam.

Nothing in the agreement connects prisoner releases with these issues. The Vietnamese Communists clearly believe, however, that the POW question remains a sensitive one for Washington and they are seeing whether they can use it to obtain a US attitude that is more to their liking on other aspects of the accord--in particular, US pressure on Saigon to ensure the implementation of the Paris agreement.



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USSR - WEST GERMANY: The Soviets are showing an interest in expanding cooperative economic ventures with West Germany.

At the recent meeting of the Soviet - West German mixed commission on economic cooperation, the USSR proposed joint financing and construction of nuclear power plants in the USSR to supply electric power to Poland, East Germany, and possibly West Berlin. During the first year of its operation, the Commission has promoted almost \$1.6 billion in agreements between the two countries. These include West German equipment for the Kama truck plant and the supply of West German pipeline equipment and machinery for a billion dollar steel complex in return for future Soviet deliveries of natural gas and iron pellets.

Moscow is anxious to have the Commission establish a long-term program of technical and economic cooperation, similar to agreements the USSR has with France. The West German Government maintains, however, that it cannot obligate the private sector to long-term commitments and that any final agreements must be made on a commercial basis by West German firms.

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IRAN: The Shah and representatives of the Western oil consortium have reached an agreement in principle on a new relationship.

Although final details of the agreement have yet to be worked out, preliminary information indicates that the settlement will largely meet the Shah's demand for greater control over the operations of the companies. The government apparently will conclude a five-year management contract and a 20-year sales contract enabling the companies to continue to produce and market the major share of Iran's oil.

The companies and the Shah had reached a tentative agreement last spring, but the Shah reopened negotiations in December because he felt the companies had given too much in the participation agreements with several Arab Persian Gulf countries. In a tough public speech last month, the Shah gave the companies the option of either changing to a contract arrangement immediately with preferential access to the oil or severing their relationship completely in 1979 when their present contract expires. The present agreement appears to fulfill the Shah's desire to assert his leadership role in the Gulf, and the terms are expected to be financially equivalent to the participation agreements negotiated by other Persian Gulf governments. Therefore, it should not cause the other countries to seek re-negotiation of their agreements. [REDACTED]

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USSR: Lunokhod-2, the Soviets' self-propelled rover vehicle, has already exceeded the distance covered on the moon by the first Lunokhod, which operated for more than ten months. The vehicle, which was placed on the moon on 15 January 1973 by a space probe launched from Tyuratam, has traveled about six nautical miles on the moon's surface. The new Lunokhod, which recently completed its second "lunar day" of exploration, apparently incorporates several improvements over its predecessor, including new television cameras emplaced to give the ground controllers a better view of the lunar terrain. It has also transmitted back to earth several pictures of the landscape and conducted studies of the lunar soil. The vehicle will resume activities on 9 March when the present lunar night ends. [REDACTED]

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SRI LANKA: The Western Aid Consortium at last week's meeting in Paris committed itself to provide Colombo with approximately the same level of economic aid this year as was made available last year. They pledged \$55-60 million, with the US--the largest single donor--promising \$15-18 million in PL-480 food aid. Sri Lanka probably will not be able to maintain last year's import levels because the prices of its imports--particularly for rice--are rising rapidly. In its closed session, the Consortium criticized Colombo's recent economic reforms as too little and too late, and indicated dissatisfaction that consortium funds have had to be used to bail out the economy rather than to augment development plans. Sri Lanka's heavy debt burden precludes any extensive use of short-term commercial credit. Unless Colombo can find alternative sources of aid, the government will have to impose additional austerity measures. [REDACTED]

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